

# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a Review of the Missouri Public )  
Service Commission's Standard of Conduct Rules )  
and Conflicts of Interest Policies )

**Case No. AO-2008-0192**

## **NOTICE REGARDING EXTERNAL COMMUNICATION** **COMMENTS FROM MS. NATALIE STEPHENSON**

Issue Date: January 28, 2008

On January 25, 2008, at approximately 5:24 p.m., Ms. Natalie Stephenson sent an electronic mail message to the Regulatory Law Judge assigned to this matter providing comments in relation to the Roundtable Discussion held on January 7, 2008. The e-mail message also included four attachments. The e-mail and attachments are attached to this Notice to ensure their proper filing in the Commission's Electronic Filing and Information System ("EFIS").

To be clear, the proceeding that was held on Monday, January 7, 2008, was a Roundtable Discussion. To quote directly from the Notice of Clarification that was issued on December 19, 2007:

Additionally, the Chairman wishes to stress that this is not an adversarial proceeding. This is not a "contested case," meaning a proceeding before the agency in which legal rights, duties or privileges of specific parties are required by law to be determined after hearing.<sup>1</sup> This is a workshop docket opened to receive input regarding the Commission's Standard of Conduct Rules, policies and practices and the Conflicts of Interest Statute.

Determination of contested cases involves the Commission's exercise of its judicial power. Workshop cases, such as these, do not constitute contested cases, even if they result in a determination that the Commission will engage

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<sup>1</sup> Section 536.010(4), RSMo 2000.

in rulemaking. Rulemaking is an exercise of the Commission's legislative power.<sup>2</sup> In contrast to an adjudicatory, trial-type hearing in the nature of that in a contested case, workshop proceedings contemplate that the Commission, or this instance the Chairman, will meet interested members of the public face to face providing an opportunity for comments and presentations.<sup>3</sup>

At the Roundtable, the Chairman invited comments from the participants, as well as any other interested person, group or entity that was not in attendance the day of the Roundtable. Ms. Stephenson's comments do not constitute an *ex parte* contact because this is not a contested case and there are no adversarial parties to this workshop. The Chairman welcomes comments from all interested persons and this notice is being filed to facilitate the filing of Ms. Stephenson's e-mail and attachments in this docket.

**BY THE COMMISSION**



Colleen M. Dale  
Secretary

( S E A L )

Dated at Jefferson City, Missouri,  
on this 28th day of January, 2008.

Stearley, Regulatory Law Judge

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<sup>2</sup> "The identifying badge of a modern administrative agency is the combination of judicial power (adjudication) with legislative power (rulemaking)." *McNeil-Terry v. Roling*, 142 S.W.3d 828, 835 (Mo. App. 2004).

<sup>3</sup> *State ex rel. Atmos Energy Corp. v. Public Service Com'n of State*, 103 S.W.3d 753, 759-760 (Mo. banc 2003).

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**From:** Stephenson, Natalie S [IT] [mailto:Natalie.Stephenson@sprint.com]

**Sent:** Friday, January 25, 2008 5:24 PM

**To:** Stearley, Harold

**Subject:** AO-2008-0192 citizen comments submission

First, let me say I appreciate the opportunity to comment on the issues at hand in this case, AO-2008-0192, and I apologize for unorganized nature of my comments.

The first thought that came to mind was: How hypocritical for Governor Blunt to suggest the PSC needs to review the Conflict of Interest statutes when he seems to have some serious conflict of interest issues in this arena himself. After all, Blunt's very own siblings have represented Ameren UE, Aquila, and other utilities over which the PSC regulates. I can't help but think there is an unspoken expectation of the PSC to act favorably toward these entities due to Blunt's family ties. Given the undeniable appearance of bias, Blunt should not be allowed to appoint Commissioners, and he most certainly should not be allowed to fire Public Counsel. (See Coffman Firing attached.)

Along these lines, I have the following lingering questions:

If the OPC represents the public, who do the PSC staff and commissioners represent?

How is the OPC staff stacked relative to the PSC staff? Isn't it unfairly unbalanced?

Doesn't the fact that the PSC salaries are funded by the utilities they regulate create an inherent conflict of interest?

Might the PSC demonstrate more consumer focus and accountability if they were elected rather than appointed, or would that tip the scale too far in the other direction?

Once I began to ponder this last question, I begin to see the trouble with having commissioners assume dual quasi-judicial/quasi-legislative roles without actually being bound to either one. Therefore, I would support the separation of roles with each encompassing the full accountability that "real" judges and "real" representatives 'enjoy.' Presumably under this scheme, the judges would need not fear the wrath of the governor, and the legislative body would be free to accept communications from both the utilities and the public. Public comment is rarely received or replied to today, and, as such, the public is grossly under-represented.

Finally, I would like to say that I very much appreciate the accessibility that the internet hearings offer, and would like to see that medium available as much as possible. I listened to the January 7th roundtable on this topic and agreed with most, if not all, of the points Mr. Hempling and Ms. Noonan offered. With regard to Mr. Hempling's question of whether there is a trust issue, I point you to an editorial (attached) I submitted nearly a year ago, long before the ex parte issues came up in the KCP&L rate case or the Great Plains/Aquila merger case. Also attached are a few other items that underscore some of the reasons for a lamentable lack of public confidence.

Plainly speaking, I would like to see the existing laws followed although I believe there is room for improvement.

As I begin to thank you for taking the time to read this, I am reminded that I also want to express avid support for having each commissioner sign an affirmation that all commissioners participating the cases either attended the hearings or read the transcript. Further, I agree that all Commissioner Davis' recommendations in his report would serve to improve the situation and thank him for taking up this matter.

Sincerely,

*Natalie Stephenson*  
24215 S Chadwick Drive  
Peculiar, MO 64078

### **Attachments**

## **Missouri consumer advocate is fired**

**John Coffman, a former Sixth Ward councilman, criticized state initiatives.**

BY DAVID A. LIEB ASSOCIATED PRESS

May 18, 2005 | 12:00 a.m. CST

JEFFERSON CITY — The state's official consumer advocate has been fired by Republican Gov. Matt Blunt's administration after a legislative session in which he criticized "the anti-consumer initiatives" backed by Blunt and Republican lawmakers.

John Coffman said Tuesday that he was given no reason for his sudden dismissal late Monday by Blunt's director of the Department of Economic Development. The department announced Tuesday that regulatory law judge Lewis Mills Jr. had been named the state's new public counsel but made no mention of Coffman.

"It was a shock, but in a way it's not too surprising, given some of the anti-consumer initiatives that have taken place under the new administration," Coffman said Tuesday as he cleaned out his state office. During the session that ended Friday, the Republican-led General Assembly passed bills relaxing regulation of local telephone companies and making it easier for electric, natural gas and water companies to pass along their costs to consumers through rate increases.

Coffman opposed both pieces of legislation.

Blunt has made economic development one of his top priorities and specifically called for an overhaul of state telecommunications regulation in his State of the State speech at the start of the legislative session in January.

Blunt spokesman Spence Jackson said Mills was better equipped to advance Blunt's goal of creating an entrepreneurial climate in Missouri.

A spokesman for the Department of Economic Development declined to say directly whether Coffman was fired because of his opposition to the telephone and utility legislation.

“It’s a new era for creating jobs and bringing business to Missouri while at the same time protecting consumers,” spokesman Paul Sloca said. Department director “Greg Steinhoff thought that Mr. Mills fit the bill.”

Steinhoff said in a statement that Mills would be “a strong advocate for Missouri’s consumers.” But state Sen. Joan Bray, D-St. Louis, asserted that is exactly what got Coffman fired. She called his dismissal “unconscionable.”

“This governor and his Republican majority just doesn’t want the little folks or the average folks speaking up at all,” said Bray, one of two senators who voted against both the telephone and utility bills. “I’m just outraged. Consumers just seem to get in the way, and they don’t have to be listened to or acknowledged or even have a decent representation now, apparently.”

The Office of Public Counsel is charged with representing the interests of utility customers in cases before the Missouri Public Service Commission, focusing primarily on utility rates and regulations. Coffman, 41, joined the office in 1989 and has served as its director the past three years. He also is vice president of the National Association of State Utility Advocates.

Coffman served six years as the Sixth Ward representative on the Columbia City Council. He vacated the seat in April 2003.

Mills, 45, worked in the public counsel’s office from 1988 to 1998, serving as deputy public counsel from 1990 onward. He was named deputy chief regulatory law judge for the Public Service Commission in 1998. Mills did not immediately return a telephone call Tuesday.

Earlier this year, Blunt’s administration eliminated three of the 14 positions in the public counsel’s office — laying off an attorney, economist and accountant — as part of a larger reduction in state employees. Coffman said that made it more difficult for his office to do its job.

“Consumers have taken terrible hits in the legislature, before the PSC and also in the courts,” Coffman said. “I fear for what Missouri consumers are going to face in the coming years. I think a variety of these changes could mean much higher rates, and unfairly high rates.”

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# The Examiner

EASTERN JACKSON COUNTY'S DAILY NEWSPAPER

## Letter

### Utility regulators have failed citizens

Natalie Stephenson

Peculiar, Mo.

To the editor:

The Missouri Public Service Commission, as it stands today, is a waste of government resources and a detriment to the public welfare. Any request Aquila or KCP&L authors is being adopted as PSC policy without regard to legal implications or consideration for public policy ramifications. Recently, the courts have ruled the PSC overstepped its legal boundaries in sanctioning the Iatan

2 and South Harper power plant projects. In both cases, KCP&L and Aquila, respectively, decided to "streamline the approval process and avoid the more cumbersome statutory framework," as characterized in the Feb. 27 Appellate Court ruling.

In other words, the utilities skipped those pesky steps that afford citizens "due process." It would appear as though the PSC staff has succumbed to Helsinki syndrome becoming a conspirator with the utilities it oversees and can no longer operate independently.

Commissioners Steve Gaw and Robert Clayton III, however, have distinguished themselves from the rest of the PSC pack, often acting as the voice of reason in minority dissents. Sadly, their sound intellect is being squelched under the current administration, headed by PSC Chairman Jeff Davis.

Chairman Davis, in response to the Feb. 27 Appellate Court ruling against the PSC, declared that the court "doesn't demonstrate good knowledge of the (PSC) and what we do here."

To the contrary, Chairman Davis, the courts have reviewed the PSC's actions involving Iatan 2 and Peculiar's South Harper power plants and have said in no uncertain terms: We see what you're doing there, and it is simply not legal.

I have read Commissioner Gaw may be interested in seeking the attorney general's office. Now more than ever, Missouri citizens really need a man like Steve Gaw in office.

Click here to return to story:

[http://www.examiner.net/stories/031207/ope\\_031207015.shtml](http://www.examiner.net/stories/031207/ope_031207015.shtml)

Family ties, clients put other Blunt in spotlight

By [Jo Mannies](#)

POST-DISPATCH POLITICAL CORRESPONDENT

Sunday, Jun. 11 2006

Andrew Blunt readily admits that he's out to make money.

But he adds that he doesn't expect or need help from his older brother, Gov. Matt Blunt, or his father, U.S. House Majority Whip Roy Blunt, R-Strafford.

"At the end of the day, I'm a private citizen, trying to put food on my family's table," Andrew Blunt says.

As a lawyer and lobbyist, Andrew Blunt appears to be pretty successful on that score. At age 30, he has amassed an impressive list of clients over the past five years that include the eastern Missouri electrical utility Ameren; the Missouri Hospital Association; the Missouri Automobile Dealers Association; BNSF Railway Co.; and AT&T of Missouri.

Andrew Blunt's raft of influential clients has made him a lightning rod for political praise and criticism ever since his brother was elected governor in 2004. Andrew Blunt was his brother's campaign manager and continues to raise

campaign money for him.

The scrutiny has heightened in recent weeks, after Andrew Blunt and two business partners set up an investment firm in late May that will specialize in ethanol production and related agricultural products.

The governor is expected to soon sign into law a bill mandating that fuel sold in Missouri by 2008 have at least 10 percent ethanol.

The Missouri Democratic Party calls Andrew Blunt a visible symbol of what it sees as "numerous and improper conflicts of interest" involving the Blunt administration and its ties to businesses that stand to gain from state policies.

The ethanol deal, said Democratic Party executive director Corey Dillon, is "just another in a long list of conflicts that the governor and his brother have."

"I just don't think that Andy Blunt's pocketbook should influence public policy in this state," Dillon added.

Gov. Matt Blunt's spokesman, Spence Jackson, says the governor considers Andrew Blunt "one of the finest people he knows" and talks to him almost daily, although never about his lobbying clients.

Said Andrew Blunt: "To think that Matt would get elected governor and operate an agenda totally to benefit me - that's ridiculous."

### **Corporate clients**

The latest sparring over Andrew Blunt's business dealings comes as the governor's administration and the state Republican Party have been battling with Attorney General Jay Nixon, the governor's announced Democratic rival for 2008.

Nixon has come under fire over \$19,000 in campaign contributions that he received from four Democratic groups who, combined, received close to that amount from Ameren. Nixon's office is investigating the utility in connection with the Taum Sauk reservoir collapse last December.

Nixon said last week he would return more than \$19,000 in donations that came indirectly from Ameren.

When the GOP attacked Nixon for the contributions, the state Democratic Party countered with Andrew Blunt's status as an Ameren lobbyist. Gov. Matt Blunt has

said that he has not discussed Taum Sauk matter with his brother.

A spokeswoman for Ameren said the utility doesn't talk about its lobbyists.

At the Missouri Hospital Association, "We've been very satisfied with the work he's done for us," said Mary Becker, a senior vice president.

According to the Missouri Ethics Commission, Andrew Blunt has been a registered lobbyist since 2001. His clients have varied, and currently number 17, the commission's Web site says.

State Democrats say that Andrew Blunt works for too many firms who also rely on state-government actions by his brother. Andrew Blunt replied that any business can be affected by any action of the state or federal government.

Ameren hired Andrew Blunt within weeks of his brother's inauguration. Since then, the Legislature has approved a measure - signed last year by the governor - that allows natural gas, electric and water companies to more quickly adjust the rates they charge consumers.

Andrew Blunt notes that he is not registered to lobby the governor's office or anyone in the administration or executive branch.

Although he's from a political family, Andrew Blunt didn't attract much political attention himself until he became campaign manager for his brother's successful 2004 bid for governor.

The governor emphasizes that his younger brother didn't deal with policy issues, then or now.

The Democratic Party began zeroing in on Andrew Blunt when he headed up his brother's inaugural committee. Because state inaugurations are primarily funded with private money, Andrew Blunt was among those dealing with potential corporate and individual donors.

Dillon at the state Democratic Party dubbed it "the inaugural shakedown committee," noting that some of the donors were or later became Andrew Blunt's clients.

The Blunts denied doing anything any different than previous governors. Former Gov. Bob Holden, for example, had a large debt from his inaugural events that his campaign committee didn't finish paying off for almost a year.

## **Connections abound**



In addition to clients, Andrew Blunt has many business associates and friends, some of whom are part of a group of men in their late 20s or early 30s with close ties to the governor.

Among them are James Harris, who was hired by Andrew Blunt to be the political director of the governor's campaign. After Matt Blunt took office, Harris became the governor's director of appointments and commission - a job he's leaving this month.

In the ethanol deal, Andrew Blunt is among the principal partners of the Central Missouri Biofuels, a limited liability corporation.

The other partners include Mike Kehoe, a Blunt ally who runs an auto dealership in Jefferson City, and Tom and John Kolb, co-owners of Jefferson City Oil Co. Inc.

Kehoe was appointed by the governor to the Missouri Department of Highways and Transportation.

All told, the investment firm has roughly 10-15 shareholders, Andrew Blunt said.

Andrew Blunt initially declined to say how much money he or his partners are putting into their investment firm. "Different investors are putting in different amounts," he said.

Andrew Blunt said those investments will include at least \$2 million put into another company, Show Me Ethanol LLC, which is proposing to build an ethanol production plant in northwest Missouri.

Show Me Ethanol is made up primarily of a group of farmers in Ray and Carroll counties, Blunt and Kehoe said.

Andrew Blunt said he has attended some of Show Me Ethanol's organizational meetings, but added that he is not on its board. The Associated Press reported over the weekend, however, that documents filed with the secretary of state's securities division list Blunt as among the 13-member "project steering committee" when Show Me was created in January.

Initially, Blunt, Kehoe and Tom Kolb were listed on the Show Me board but were removed from revised documents filed last week, the AP said. Only Kolb remains on that board.

Blunt said the change came after his investment firm decided to put in less money than Show Me Ethanol had initially believed.

Central Missouri Biofuels has agreed to lend \$2 million to Show Me to help pay for initial construction costs. Blunt said his group is to get that money back within 60 days and will then use the \$2 million to buy shares in Show Me. He indicated that more money may be invested in Show Me, but he declined to say how much.

In any case, he and Kehoe said that their ethanol venture was among several investments their firm hopes to make in alternative-fuel production.

Both also asserted that their firm doesn't stand to gain, at least in the short-term, from the bill that Gov. Blunt expects to sign.

Andrew Blunt noted that the 10 percent mandate doesn't kick in "until the base price of ethanol is the same as no-lead."

Show Me is expected to qualify for some of the tax credits set up in the new law, but Andrew Blunt emphasized that the credits are awarded to farmer-related ethanol ventures that meet certain specific requirements. "There is no discretion," he said.

In any event, Blunt and Kehoe noted that most of the ethanol currently produced in Missouri, or that is likely to be produced by Show Me, is expected to be sold outside the state, where the demand is stronger.

"The ethanol industry is a national industry," Andrew Blunt said. "It's incredibly competitive on both the east and the west coasts."

Kehoe said their effort is aimed at encouraging more Missouri involvement in the national ethanol market.

"We'd rather invest in our backyard," he said.

Andrew Blunt noted that he has other financial holdings besides this new firm. "I buy a lot of stock and make a lot of investments," he said.

Because of his family ties, he added that he recognizes that his business deals attract a lot of scrutiny.

"I don't worry about it," Blunt said. "I hope they watch what I do and say, 'I need to invest in ethanol' too."

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Andrew Blunt

**Age:** 30.

**Education:** Graduated from Southwest Baptist University with bachelor's degrees in history and political science; law degree from University of Missouri at Columbia.


**Family:** Son of U.S. Rep. Roy Blunt, R-Strafford, and brother of Gov. Matt Blunt. Married, two children.

**Political background:** Worked on father's 1996 campaign; worked for various state Republican legislative committees in 1998; campaign manager for Matt Blunt's 2000 campaign for secretary of state and 2004 campaign for governor.

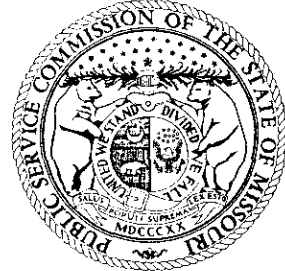
[jmannies@post-dispatch.com](mailto:jmannies@post-dispatch.com) 314-340-8334

## Notice of *Ex Parte* Contact

TO: Data Center  
All Parties in Cases **TO-2006-0299** and **TC-2006-0068**

FROM: Commissioner Connie Murray 

DATE: July 10, 2006



On June 29, 2006, I received the attached email with attachments. The Commission is currently considering issues discussed in this document in cases **TO-2006-0299** and **TC-2006-0068** which are contested cases. In contested cases, the Commission is bound by the same *ex parte* rule as a court of law.

Although communications from members of the public and members of the legislature are always welcome, those communications must be made known to all parties to a contested case so that those parties have the opportunity to respond. According to the Commission's rules (4 CSR 240-4.020(8)), when a communication (either oral or written) occurs outside the hearing process, any member of the Commission or Regulatory Law Judge who received the communication shall prepare a written report concerning the communication and submit it to each member of the Commission and the parties to the case. The report shall identify the person(s) who participated in the *ex parte* communication, the circumstances which resulted in the communication, the substance of the communication, and the relationship of the communication to a particular matter at issue before the Commission.

Therefore, I submit this report pursuant to the rules cited above. This will ensure that any party to this case will have notice of the attached information and a full and fair opportunity to respond to the comments contained therein.

cc: Commissioners  
Executive Director  
Secretary/Chief Regulatory Law Judge  
General Counsel

-----Original Message-----

From: John Lawton [<mailto:pscscandal@hotmail.com>]

Sent: Thursday, June 29, 2006 1:03 PM

To: Davis, Jeff; Gaw, Steve; Murray, Connie; Clayton, Robert; Appling, Linward (Lin); Henderson, Wess; Thompson, Kevin; Mills, Lewis; Steinhoff, Greg

Cc: [charlie\\_shields@senate.mo.gov](mailto:charlie_shields@senate.mo.gov); [michael\\_gibbons@senate.mo.gov](mailto:michael_gibbons@senate.mo.gov);

[maida\\_coleman@senate.mo.gov](mailto:maida_coleman@senate.mo.gov)

Subject: PSC Commissioner Misconduct

See the attached pdf file that details Commissioner misconduct.

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I write this letter to bring to your attention a case of Commissioner misconduct. It is not my intention to cause anyone any public humiliation. Rather, I hope that this letter will result in the resignation of this Commissioner. By sending this email to all the individuals that are copied, I hope to eliminate any possibility that this matter will be swept under the rug.

As a member of the Commission's Staff this notification should fall within the protections of the Commission's whistleblower rule. Despite that, I fear possible repercussions and have resorted to this anonymous method of communication.

For the past several weeks rumors have floated around the Commission regarding a possible relationship between Commissioner Appling and Becky Powell of CenturyTel. Recognizing Ms. Powell's history of courting influence at the Commission: Dale Roberts followed by David Woodsmall, many of us did not find this rumor to be beyond the realm of possibility.

Recently, Staff members have noticed Commissioner Appling and Becky Powell together in public on multiple occasions. Based upon this confirmation I took it upon myself to drive by Ms. Powell's house several evenings and mornings in the last week. As the attached photographs indicate, on at least 4 separate mornings Commissioner Appling's vehicle was still parked in front of her house. Although this does not indicate the exact nature of their relationship, the fact that he has chosen to spend the night with an employee of a regulated utility certainly raises concerns of his ability to be fair and constitutes Commissioner misconduct.

There are numerous cases pending before the Commission in which CenturyTel is a party. Two weeks ago, Commissioner Appling was the lone "no" vote in a complaint by FullTel against CenturyTel. This matter is still pending as CenturyTel has filed another motion in that case. Last week Commissioner Appling sat in a hearing and asked questions regarding a USF request that CenturyTel was actively opposing. This week Commissioner Appling voted on a case between Socket and CenturyTel. While it is not certain that his relationship with Ms. Powell may have affected his conduct in these proceedings, it is clear that he is no longer seen as a fair and impartial decisionmaker.

Several years ago the Public Counsel took action against Commissioner Crumpton based upon his financial ties to SBC. While that matter could be resolved by Crumpton's sale of stock, this matter can not be so easily disposed of. Even if the relationship were to end today, the appearance of favoritism towards CenturyTel would always linger. As such, the only resolution is Commissioner Appling's resignation.

Commissioner Appling's misconduct goes beyond this single incident. Many on Staff are aware of the nature of the duties that Commissioner Appling had his former Executive Assistant performing. Most of these duties were jobs that are not related to his performance as a Commissioner. For example, Commissioner Appling had his Assistant performing duties related to his attempts to write and publicize his book. Certainly these types of personal moneymaking efforts should not be undertaken on the taxpayer's dime.

I ask that you take the necessary steps to see that this misconduct is ended immediately.

06/19/2006





06/24/2006







06/25/2006





06/28/2006